

P & R Infraprojects Limited

January 25, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable / A Four ISSUER NOT COOPERATING*) and Withdrawn
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*) and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings assigned to the bank facilities of P & R Infraprojects Limited (PRIL) at `CARE BB-; Stable/ CARE A4: ISSUER NOT COOPERATING [Double B Minus; Outlook: Stable/A Four; ISSUER NOT COOPERATING] with immediate effect. The rating remained in ISSUER NOT COOPERATING category by considering non-availability of information due to non-cooperation by PRIL with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the ratings continue to remain constrained by company's modest and fluctuating scale of operations, elongated operating cycle and raw material price fluctuation risk. The ratings, however, derive strength from the experienced promoters along with long track record of operations and comfortable capital structure.

The above action has been taken at the request of P & R Infraprojects Limited and 'No Objection Certificate' received from the bank that has extended the facilities rated by CARE Ratings Ltd.

Analytical approach: Standalone

Key Weaknesses

Modest and fluctuating scale of operations

The scale of operations of the company continues to remain modest as marked by a total operating income of Rs. 174.06 crore and during FY22 (FY refers to the period from April 01 to March 31) as against total operating income of Rs. 145.60 crore and during FY21. The modest scale limits the company's financial flexibility in times of stress and deprives it from scale benefits. Further, the scale of operations of the company are fluctuating for the last three financial years FY20-FY22.

Elongated operating cycle

The operating cycle of PRIL improved marginally though remain elongated at 178 days for FY22 (Audited) as against 201 days for FY21. Elongation is mainly on account of higher inventory holding and collection period.

Raw material price fluctuation risk

The raw materials required by the company are majorly consumables, diesel, steel, etc. Most of the raw material price fluctuation is borne by the customer as the raw material is majorly (in more than 90% cases) supplied by the client. In case, P&R buys the raw material itself, the prices of the same are linked to the Wholesale Price Index and thus the company is hedged to raw material price volatility to a certain extent. However, some of the contracts undertaken by the company are based on fixed pricing with no price escalation, which exposes the company to raw material price volatility risk.

Key Strengths

Experienced promoter along with long track record of operations

The promoters of the company Mr. Paveljeet Singh, Mr. Pardeep Kaur and Mr. G. S. Ruppal have been in the same line of business for more than two decades. P&R was initially promoted as P&R Engineering Services (proprietorship firm) and the name was later

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

changed to P&R Infraprojects Ltd, on conversion of the firm to a company. Since inception, the company has completed more than 150 large, medium and small sized projects for Thermal Power Plants, Hydro-Power Plants, Penstocks, Chimneys, Cooling Towers, Storage Tanks, Bridges, Flyover, Stadiums, etc.

Comfortable capital structure

The capital structure of the company continued to remain comfortable as marked by overall gearing ratio of 0.56x in FY22 as against 0.38x in FY21. The total debt to GCA ratio stood at 5.54x, as on March 31, 2022 as against 3.51x as on March 31, 2021. Marginal deterioration in capital structure is on the back of increased term debt during FY22.

Liquidity: Adequate

The liquidity of the company stood adequate as marked by cash and bank balance of Rs. 12.65 crore as on March 31, 2022 (Audited). Further, current ratio and quick ratio of the company stood at 1.70x and 1.00x as on March 31, 2022 (Audited).

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)
[Policy on default recognition](#)
[Financial Ratios – Non financial Sector](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Credit Watch](#)
[Short Term Instruments](#)
[Service Sector Companies](#)
[Construction](#)
[Policy on Withdrawal of Ratings](#)

About the Company

Incorporated in 1986, P&R Infraprojects Ltd (PRIL) was promoted by Mr Paveljeet Singh, Mrs Pradeep Kaur and Mr G.S. Ruppal. The company is engaged in the field of civil construction providing civil and mechanical work in power sector in addition to designing, erection and construction work for infrastructure projects such as flyover, bridges, sports complex, industrial plants, etc. The workshop of P&R is located in Ropar, Punjab, with an installed capacity of 5000 MT per month for pre- fabrication of structural steel work. The company is also engaged in fabrication and erection of structural steel work, piping and storage tanks of varied and complicated nature for large Thermal & Industrial projects.

Brief Financials (Rs. crore)	31-03-2021 (A)	31-03-2022 (A)	9MFY23 (Prov.)
Total operating income	145.60	174.06	NA
PBILDT	20.46	17.41	NA
PAT	5.02	4.89	NA
Overall gearing (times)	0.38	0.56	NA
Interest coverage (times)	1.99	2.37	NA

A: Audited; Prov.: Provisional; NA: Not Available; 9MFY23: Refers to the period from April 01, 2022 to December 31, 2022.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for the last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-BG/LC		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (13-Dec-21)	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (31-Dec-20)	1)CARE BB; Stable; ISSUER NOT COOPERATING * (01-Oct-19)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST *	-	-	-	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING * (13-Dec-21)	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING * (31-Dec-20)	1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING * (01-Oct-19)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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